

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-006-E - ORDER NO. 93-1096 ✓
NOVEMBER 29, 1993

IN RE: Semi-Annual Review of Base Rates for) ORDER APPROVING
Fuel Costs of Duke Power Company.) STIPULATION AND
) APPROVING BASE
) RATES FOR FUEL
) COSTS

This matter comes before the Public Service Commission of South Carolina (the Commission) on the "Stipulation and Agreement of the Parties" (Stipulation) of record in this proceeding. The parties, Duke Power Company (Duke or the Company), the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and the Commission Staff (Staff), request that the Commission approve the terms of the Stipulation. The Stipulation settles the issues which would have been raised during Duke's fuel recovery proceeding scheduled for November 23, 1993. Among other things, the parties agree that Duke's base rate for fuel should be 1.000 cent per kilowatt hour beginning with the first billing cycle of December 1993, and remaining in effect through May 1994, billing cycles, or until superseded by Order of the Commission. (The Stipulation is attached to this Order as Appendix B.)

The Staff issued a Report of Fuel Adjustment Analysis based on the historic test period of April 1, 1993, through September 30, 1993, and both Duke and the Staff submitted prefiled testimony

in this Docket. The parties have carefully reviewed the information contained in the prefiled testimony of the witnesses for Duke and the Staff, as well as the Report of the Staff, and all supporting exhibits. Based on the information contained in the testimony, the report of the Staff, and the supporting exhibits, the parties reached a Stipulation relating to Duke's fuel operations for the period of April 1, 1993, through September 30, 1993.¹

During the period under review, Oconee Unit 2, McGuire Unit 1, McGuire Unit 2, and Catawba Unit 2 were down for refueling during some portion of the time.² Other scheduled and/or forced outages occurred during this time frame at these and at some of the Company's other nuclear units. Duke and the Staff agree and stipulate that during the period under review, Duke's fuel

1. The current investigation of Duke's fuel adjustment clause covers the period of June 1993, through November 1993. Since the fuel hearing was scheduled for November 1993, Staff's audit covered through the month of September 1993, with the months of October and November 1993, estimated. In the last fuel hearing, fuel figures for April and May 1993, were estimated for the purpose of adjusting base rates effective June 1, 1993. Therefore, Staff reviewed Duke's books and records for the period April 1, 1993, through September 30, 1993. The under-recovery amounts for October and November 1993, were estimated for the purpose of adjusting base rates effective December 1, 1993. The October and November 1993, estimates will be trued-up in Duke's next semiannual review.

2. While not addressed in the Stipulation, Staff recommended that the refueling outage at McGuire Unit 2 be carried over for review during the Company's Spring 1994 fuel proceeding due to Staff's lack of time to appropriately review the outage due to the limited information available at the time of Staff's testimony preparation. The Commission agrees with Staff's recommendation and carries over any consideration or review of the refueling outage at McGuire unit 2 until the Company's Spring 1994 fuel proceeding.

purchasing practices were prudent, and that there were no Company actions which caused Duke's customers to be subject to incurring higher fuel costs. The Consumer Advocate does not contest the prudence of Duke's fuel purchasing practices or the reasonableness of the fuel costs during the review period.

After reviewing the terms of the submitted agreement and the record consisting of the prefiled testimony, the Staff Report, and the supporting exhibits, the Commission finds and concludes that the "Stipulation and Agreement of the Parties" should be and hereby is accepted and adopted by this Commission.

IT IS THEREFORE ORDERED THAT:

1. The base fuel factor for the period commencing with the first billing cycle of December 1993, through the billing cycles of May 1994, is set at 1.000 cents per kilowatt hour.

2. Within ten (10) days of the date of the receipt of this Order, Duke Power Company shall file with the Commission the appropriate rate schedules designed to incorporate the findings herein and an adjustment for fuel costs as demonstrated by the attached Appendix (Appendix A).

3. The Company shall comply with the notice requirements set forth in S.C. Code Ann., §58-27-865(A) (Cum. Supp. 1992).

4. The Company shall continue to file the monthly reports previously required.

5. The Company shall continue to account monthly to the Commission for the differences between the recovery of fuel costs through base rates and the actual fuel costs experienced by

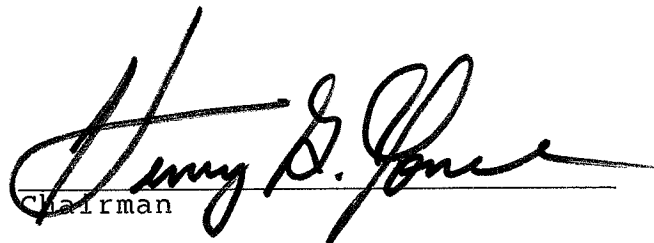
booking the difference to unbilled revenues with a corresponding deferred debit or credit.

6. The Company shall continue to submit monthly reports to the Commission of fuel costs and scheduled and unscheduled outages of generating units with a capacity of 100 MW or greater.

7. The McGuire Unit 2 refueling outage which began on July 1, 1993, will be reviewed in the Company's Spring 1994, fuel proceeding.

8. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

DUKE POWER COMPANY
Adjustment for Fuel Costs

APPLICABILITY

This adjustment is applicable to and is a part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission for the succeeding six months or shorter period:

$$F = \frac{E}{S} + \frac{G}{S_1}$$

Where:

F= Fuel cost per Kilowatt-hour included in base rate, rounded to the nearest one-thousandth of a cent.

E= Total projected system fuel costs:

(A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees. The cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

(B) Purchased power fuel costs such as those incurred in unit power and Limited Term power purchases where the fuel costs associated with energy purchased are identifiable and are identified in the billing statement.

PLUS

(C) Interchange power fuel costs such as Short Term, Economy, and other where the energy is purchased on economic dispatch basis.

Energy receipts that do not involve money payments such as Diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

MINUS

(D) The cost of fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as Diversity energy and payback of storage are not defined as sales relative to this fuel calculation.

S = Projected system kilowatt-hour sales excluding any intersystem sales.

G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S₁ = Projected jurisdictional kilowatt-hour sales for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

The fuel cost (F) as determined by Public Service Commission of South Carolina Order No. 93-1096 for the period December 1993 through May 1994 is 1.000 cent per kilowatt-hour.

C, L, Gw + acct

RECEIVED

BEFORE
THE PUBLIC SERVICE COMMISSION

SOUTH CAROLINA

DOCKET NO. 93-006-E

November 19, 1993

11/22/93
ON

In Re: Duke Power Company)	STIPULATION
Semi-Annual Review of Base)	AND AGREEMENT
Rates for Fuel Costs)	OF THE PARTIES

WHEREAS, the Parties to this Stipulation are the Staff of the South Carolina Public Service Commission ("Staff"), Duke Power Company ("Duke"), and the Consumer Advocate for the State of South Carolina ("Consumer Advocate"), collectively referred to herein as the "Parties";

WHEREAS, the Parties represent all the Parties of record in Docket No. 93-006-E;

WHEREAS, on August 12, 1993, the South Carolina Public Service Commission ordered Docket No. 93-006-E to be opened for the semi-annual review of Duke's fuel costs and fuel costs recovery pursuant to Section 58-27-865 of the Code of Laws of South Carolina (1976);

WHEREAS, the Staff has analyzed Duke's procedures and practices pertaining to its fuel operations, specifically including an examination of Duke's Power Plant Performance Data Reports, Major Unit Outage Reports, Generation Mix Reports, Generation Statistics, Retail Comparison of MWH Sales Reports, and Retail

Comparison of Fuel Costs. In addition, the Staff has interviewed Duke personnel concerning operating results of its generating units, has conducted on-site inspections of Duke's coal quality sampling techniques, and has reviewed Duke's forecasting procedures, and currently approved Adjustment for Fuel Costs Tariff, along with the history of the Cumulative Recovery Account;

WHEREAS, based on these examinations and reviews, the Staff issued a Report of Fuel Adjustment Analysis in this docket;

WHEREAS, the Staff and Duke have prefiled testimony in Docket No. 93-006-E concerning Duke's fuel operations and accounts;

WHEREAS, the Parties have carefully reviewed the information contained in the prefiled testimony of the witnesses for Duke and the Staff, as well as the Report of the Staff, and all supporting Exhibits;

WHEREFORE, the Parties have agreed, and do hereby stipulate to the following matters related to Duke's fuel operations which if adopted by the Commission in the order on the merits of this proceeding, will, within the scope of the matters addressed herein, result in rates for electric service which are just and reasonable, and supported by the evidence of the record of this proceeding and will further comply with the provisions of Section 58-27-865 of the Code of Laws of South Carolina (1976).

1. To maintain rate stability, assure public confidence and minimize abrupt changes in charges, the Parties agree and stipulate that Duke's base rate to recover fuel costs will be set at 1.000 cent/kilowatt hour beginning with the first billing cycle of

December 1993. This fuel cost recovery factor shall remain in effect through May 1994 billing cycles, or when superseded by order of the Commission.

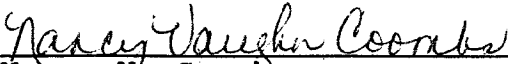
2. Duke and the Staff agree and stipulate that during the historic test period under review, specifically April 1, 1993 through September 30, 1993, Duke's fuel purchasing practices were prudent and Duke did not incur fuel costs which were the result of a failure of the utility to make every reasonable effort to minimize fuel costs nor did it make any decision resulting in any unreasonable fuel costs giving due regard to the reliability of service, economical generation mix, generating experience of comparable facilities, and minimization of the total costs of providing service. Furthermore, Duke and the Staff stipulate and agree to the fuel costs recovery accounts during the period under review. Duke properly accounted for the actual cost of fuel used for the generation of electricity, including the cost of purchased power.

3. The Consumer Advocate does not contest the prudence of Duke's fuel purchasing practices or the reasonableness of the fuel costs during the period under review.


WITNESS our signatures below:



F. David Butler
General Counsel
South Carolina Public Service
Commission



Nancy V. Coombs
Department of Consumer Affairs



William Larry Porter
Deputy General Counsel
Duke Power Company

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